

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1308**  
**96TH GENERAL ASSEMBLY**

5101L.03T

2012

---

**AN ACT**

To repeal section 30.270, RSMo, and to enact in lieu thereof one new section relating to pledged securities for safekeeping.

---

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 30.270, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 30.270, to read as follows:

- 30.270. 1. For the security of the moneys deposited by the state treasurer pursuant to the provisions of this chapter, the state treasurer shall, from time to time, submit a list of acceptable securities to be approved by the governor and state auditor if satisfactory to them, and the state treasurer shall require of the selected and approved banks or financial institutions as security for the safekeeping and payment of deposits, securities from the list provided for in this section, which list shall include only securities of the following kind and character, unless it is determined by the state treasurer that the use of such securities as collateral may place state public funds at undue risk:
- (1) Bonds or other obligations of the United States;
  - (2) Bonds or other obligations of the state of Missouri including revenue bonds issued by state agencies or by state authorities created by legislative enactment;
  - (3) Bonds or other obligations of any city in this state having a population of not less than two thousand;
  - (4) Bonds or other obligations of any county in this state;
  - (5) Approved registered bonds or other obligations of any school district, including certificates of participation and leasehold revenue bonds, situated in this state;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 17 (6) Approved registered bonds or other obligations of any special road district in this  
18 state;
- 19 (7) State bonds or other obligations of any state;
- 20 (8) Notes, bonds, debentures or other similar obligations issued by the farm credit banks  
21 or agricultural credit banks or any other obligations issued pursuant to the provisions of an act  
22 of the Congress of the United States known as the Farm Credit Act of 1971, and acts amendatory  
23 thereto;
- 24 (9) Bonds of the federal home loan banks;
- 25 (10) Any bonds or other obligations guaranteed as to payment of principal and interest  
26 by the government of the United States or any agency or instrumentality thereof;
- 27 (11) Bonds of any political subdivision established pursuant to the provisions of section  
28 30, article VI of the Constitution of Missouri;
- 29 (12) Tax anticipation notes issued by any county of the first classification;
- 30 (13) A surety bond issued by an insurance company licensed pursuant to the laws of the  
31 state of Missouri whose claims-paying ability is rated in the highest category by at least one  
32 nationally recognized statistical rating agency. The face amount of such surety bond shall be at  
33 least equal to the portion of the deposit to be secured by the surety bond;
- 34 (14) An irrevocable standby letter of credit issued by a Federal Home Loan Bank  
35 [possessing the highest rating issued by at least one nationally recognized statistical rating  
36 agency];
- 37 (15) Out-of-state municipal bonds, including certificates of participation and leasehold  
38 revenue bonds, provided such bonds are rated in the highest category by at least one nationally  
39 recognized statistical rating agency;
- 40 (16) (a) Mortgage securities that are individual loans that include negotiable promissory  
41 notes and the first lien deeds of trust securing payment of such notes on one to four family real  
42 estate, on commercial real estate, or on farm real estate located in Missouri or states adjacent to  
43 Missouri, provided such loans:
- 44 a. Are underwritten to conform to standards established by the state treasurer, which are  
45 substantially similar to standards established by the Federal Home Loan Bank of Des Moines,  
46 Iowa, and any of its successors in interest that provide funding for financial institutions in  
47 Missouri;
- 48 b. Are offered by a financial institution in which a senior executive officer certifies under  
49 penalty of perjury that such loans are compliant with the requirements of the Federal Home Loan  
50 Bank of Des Moines, Iowa, when such loans are pledged by such bank;
- 51 c. Are offered by a financial institution that is well capitalized; and

52           d. Are not construction loans, are not more than ninety days delinquent, have not been  
53 classified as substandard, doubtful, or subject to loss, are one hundred percent owned by the  
54 financial institution, are otherwise unencumbered and are not being temporarily warehoused in  
55 the financial institution for sale to a third party. Any disqualified mortgage securities shall be  
56 removed as collateral within ninety days of disqualification or the state treasurer may disqualify  
57 such collateral as collateral for state funds;

58           (b) The state treasurer may promulgate regulations and provide such other forms or  
59 agreements to ensure the state maintains a first priority position on the deeds of trust and  
60 otherwise protect and preserve state funds. Any rule or portion of a rule, as that term is defined  
61 in section 536.010, that is created under the authority delegated in this section shall become  
62 effective only if it complies with and is subject to all of the provisions of chapter 536 and, if  
63 applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the  
64 powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective  
65 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of  
66 rulemaking authority and any rule proposed or adopted after August 28, 2005, shall be invalid  
67 and void;

68           (c) A status report on all such mortgage securities shall be provided to the state treasurer  
69 on a calendar monthly basis in the manner and format prescribed by the state treasurer by the  
70 financial institutions pledging such mortgage securities and also shall certify their compliance  
71 with subsection 2 for such mortgage securities;

72           (d) In the alternative to paragraph (a) of this subdivision, a financial institution may  
73 provide a blanket lien on all loans secured by one to four family real estate, all loans secured by  
74 commercial real estate, all loans secured by farm real estate, or any combination of these  
75 categories, provided the financial institution secures such blanket liens with real estate located  
76 in Missouri and states adjacent to Missouri and otherwise complies with paragraphs (b) and (c)  
77 of this subdivision;

78           (e) The provisions of paragraphs (a) to (d) of this subdivision are not authorized for any  
79 Missouri political subdivision, notwithstanding the provisions of chapter 110 to the contrary;

80           (f) As used in this subdivision, the term "unencumbered" shall mean mortgage securities  
81 pledged for state funds as provided in subsection 1 of this section, and not subject to any other  
82 express claims by any third parties, including but not limited to a blanket lien on the bank assets  
83 by the Federal Home Loan Bank, a depositary arrangement when securities are loaned and  
84 repurchased daily or otherwise, or the depositary has pledged its stock and assets for a loan to  
85 purchase another depositary or otherwise; and

86           (g) As used in this subdivision, the term "well capitalized" shall mean a banking  
87 institution that according to its most recent report of condition and income or thrift financial

88 report, publicly available as applicable, qualifies as well capitalized under the uniform capital  
89 requirements established by the federal banking regulators or as determined by state banking  
90 regulators under substantially similar requirements;

91 (17) Any investment that the state treasurer may invest in as provided in article IV,  
92 section 15 of the Missouri Constitution, and subject to the state treasurer's written investment  
93 policy in section 30.260, that is not otherwise provided for in this section, provided the banking  
94 institution or eligible lending institution as defined in subdivision (10) of section 30.750 is well  
95 capitalized, as defined in subdivision (16) of this subsection. The provisions of this subdivision  
96 are not authorized for political subdivisions, notwithstanding the provisions of chapter 110 to  
97 the contrary.

98 2. Securities deposited shall be in an amount valued at market equal at least to one  
99 hundred percent of the aggregate amount on time deposit as well as on demand deposit with the  
100 particular financial institution less the amount, if any, which is insured either by the Federal  
101 Deposit Insurance Corporation or by the National Credit Unions Share Insurance Fund.  
102 Furthermore, for a well-capitalized banking institution, securities authorized in this section that  
103 are:

104 (1) Mortgage securities on loans secured on one to four family real estate appraised to  
105 reflect the market value at the time of the loan and deposited as collateral shall not exceed one  
106 hundred twenty-five percent of the aggregate amount of time deposits and demand deposits;

107 (2) Mortgage securities on loans secured on commercial real estate or on farm real estate  
108 appraised to reflect the market value at the time of the loan and deposited as collateral shall not  
109 exceed the collateral requirements of the Federal Home Loan Bank of Des Moines, Iowa;

110 (3) United States Treasury securities and United States Federal Agency debentures issued  
111 by Fannie Mae, Freddie Mac, the Federal Home Loan Bank, or the Federal Farm Credit Bank  
112 valued at market and deposited as collateral shall not exceed one hundred five percent of the  
113 aggregate amount of time deposits and demand deposits. All other securities, except as noted  
114 elsewhere in this section valued at market and deposited as collateral shall not exceed one  
115 hundred fifteen percent of the aggregated amount of the time deposits and demand deposits; and

116 (4) Securities that are surety bonds and letters of credit authorized as collateral need only  
117 collateralize one hundred percent of the aggregate amount of time deposits and demand deposits.

118 3. The securities or book entry receipts shall be delivered to the state treasurer and  
119 receipted for by the state treasurer and retained by the treasurer or by financial institutions that  
120 the governor, state auditor and treasurer agree upon. The state treasurer shall from time to time  
121 inspect the securities and book entry receipts and see that they are actually held by the state  
122 treasury or by the financial institutions selected as the state depositories. The governor and the  
123 state auditor may inspect or request an accounting of the securities or book entry receipts, and

124 if in any case, or at any time, the securities are not satisfactory security for deposits made as  
125 provided by law, they may require additional security to be given that is satisfactory to them.

126         4. Any securities deposited pursuant to this section may from time to time be withdrawn  
127 and other securities described in the list provided for in subsection 1 of this section may be  
128 substituted in lieu of the withdrawn securities with the consent of the treasurer; but a sufficient  
129 amount of securities to secure the deposits shall always be held by the treasury or in the selected  
130 depositories.

131         5. If a financial institution of deposit fails to pay a deposit, or any part thereof, pursuant  
132 to the terms of its contract with the state treasurer, the state treasurer shall forthwith convert the  
133 securities into money and disburse the same according to law.

134         6. Any financial institution making deposits of bonds with the state treasurer pursuant  
135 to the provisions of this chapter may cause the bonds to be endorsed or stamped as it deems  
136 proper, so as to show that they are deposited as collateral and are not transferable except upon  
137 the conditions of this chapter or upon the release by the state treasurer.

✓